

### **REMARKS**

This responds to the Office Action mailed on November 14, 2008.

No claims are hereby amended. No claims are hereby canceled. Claims 24 and 25 are newly added claims. As a result, claims 1-2, 6-10 and 24-25 are now pending in this application.

#### **§ 103 Rejection of the Claims**

Claims 1, 6 and 8-10 stand rejected under 35 U.S.C. § 103(a) as being obvious over Nahan et al. (U.S. Patent No. 5,664,111) in view of Cox (“*Manic Market: Prices of Hottest Art Research Stunning Levels as Boom Keeps Going*”).

Claim 2 stands rejected under 35 U.S.C. § 103(a) as being obvious over Nahan in view of Cox as applied to claim 1, and in further view of Shultz et al. (U.S. Patent No. 5,056,019, hereinafter; “Shultz”).

Claim 7 was rejected under 35 U.S.C. § 103(a) as being obvious over Nahan in view of Cox as applied to claim 1 above, and further view of Abel et al. (U.S. Patent No. 5,852,809 hereinafter; “Abel”).

#### **The Applicable Law**

Applicants respectfully submit that the rejection of 1-2 and 6-10 under 35 U.S.C. § 103(a) is improper because the cited prior art references, when combined, fail to support a *prima facie* case of obviousness.

As discussed in *KSR International Co. v. Teleflex Inc. et al.* (U.S. 2007), the determination of obviousness under 35 U.S.C. § 103 is a legal conclusion based on factual evidence.<sup>1</sup> The legal conclusion, that a claim is obvious within § 103(a), depends on at least four underlying factual issues set forth in *Graham v. John Deere Co. of Kansas City*<sup>2</sup>: (1) the scope and content of the prior art; (2) differences between the prior art and the claims at issue; (3) the level of ordinary skill in the pertinent art; and (4) evaluation of any relevant secondary considerations.

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<sup>1</sup> See *Princeton Biochemicals, Inc. v. Beckman Coulter, Inc.*, 7, 1336-37 (Fed. Cir. 2005).

<sup>2</sup> 383 U.S. 1, 17 (1966).

Therefore, the test for obviousness under § 103 must take into consideration the invention as a whole.<sup>3</sup> The Examiner must, as one of the inquiries pertinent to any obviousness inquiry under 35 U.S.C. § 103, recognize and consider not only the similarities but also the critical differences between the claimed invention and the prior art.<sup>4</sup>

*KSR v. Teleflex* provides a tripartite test to evaluate obviousness. “A rationale to support a conclusion that a claim would have been obvious is that *all the claimed elements were known* in the prior art and one skilled in the art could have combined the elements as claimed by known methods *with no change in their respective functions*, and *the combination would have yielded nothing more than predictable results* to one of ordinary skill in the art.”<sup>5</sup>

#### Application of the Applicable Law

In the present matter, the Examiner has relied upon Nahan and Cox in rejecting claim 1 under 35 U.S.C. § 103(a). However, neither Nahan nor Cox teaches, describes, or suggests, expressly or implicitly, “processing an order to buy said good from said participant terminal by transferring ownership of said good from a first owner to a second owner; and changing said data record to reflect a new offer price from said second owner,” as is claimed in claim 1. Therefore, the Examiner’s rejection is improper at least because the Examiner has failed to establish that all of the claimed elements were known in the prior art. Moreover, because the above-quoted claim element is not described by either Nahan or Cox, combining Nahan and Cox will not achieve what Applicant has claimed, without making significant changes to the respective functions of the systems and/or methods described in the references – in this case Nahan<sup>6</sup>. However, the Examiner suggests that the teachings of Cox can be adapted to work with the system of Nahan with no changes. This simply is not the case. To achieve what Applicant has claimed, the functions of Nahan must be significantly modified. However, Cox provides absolutely no insight into how such a change could be affected, as Cox does not describe any computer-based system whatsoever. Consequently, not only does the combination of Nahan and Cox fail to

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<sup>3</sup> See MPEP 2141.02 I, citing, *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 218 USPQ 871 (Fed. Cir. 1983); *Schenck v. Nortron Corp.*, 713 F.2d 782, 218 USPQ 698 (Fed. Cir. 1983) .

<sup>4</sup> See *In re Bond*, 910 F.2d 831, 834, 15 USPQ2d 1566, 1568 (Fed. Cir. 1990), reh’g denied, 1990 U.S. App. LEXIS 19971 (Fed. Cir.1990).

<sup>5</sup>See *KSR International Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 82 U.S.P.Q.2d 1385 (2007)). Emphasis added.

<sup>6</sup> In this case, only Nahan describes a system.

describe, teach or suggest all of the claimed elements, a skilled artisan could not combine the teachings of Nahan and Cox to achieve what Applicant has claimed, without making significant changes to their respective functions.

Claim 1 states, “processing an order to buy said good from said participant terminal by transferring ownership of said good from a first owner to a second owner; and changing said data record to reflect a new offer price from said second owner.”

The Examiner admits that the underlined portion of the above-quoted claim is not described or suggested in Nahan. The Examiner however indicates that Nahan describes creating an item history record indicating previous prices paid for an item. Applicant submits that this is irrelevant. The fact that Nahan describes the creation of an historical record of prices at which an item of art was sold does not establish that the art items were sold by the system of Nahan. Accordingly, the cited passage from Nahan does not suggest that a data record is updated to reflect a new offer price from a second owner, as is claimed. Moreover, there is nothing in Nahan to suggest that the creation of an historical record of prices has anything to do whatsoever with price speculation, as the Examiner has suggested. In fact, the particular cited passage from Nahan indicates that the purpose of the historical record of prices is to provide “a more consistent and accurate basis to conduct appraisals for insurance or estate purposes.”<sup>7</sup> Consequently, not only does Nahan not describe the claimed element, the cited passage does not support the Examiner’s assertion. Specifically, creating an item history record to indicate historical prices for an item, as described in Nahan, is not analogous with financial speculation, and does not describe or suggest the above-quoted claim element.

The Cox reference does not describe or suggest, “changing said data record to reflect a new offer price from said second owner.” as is claimed. There is nothing within the Cox reference to even indicate the existence of a computer-based market for goods, let alone a data record reflecting a price. Consequently, there is no description or teaching within Cox that would have lead a skilled artisan to modify Nahan to include the feature of “changing said data record to reflect a new offer price from said second owner,” as is claimed.

Applicant acknowledges that the concept of price speculation existed well before the time when Applicant made his invention. For that matter, the concept of an auction existed well

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<sup>7</sup> Nahan, Column 4, Line 54-61.

before the invention of Nahan. However, such facts are irrelevant. Applicant did not invent, nor is Applicant claiming, price or financial speculation. Applicant's claim 1 involves changing a data record to reflect a new offer price from a second owner of a good, during the settlement of a first transaction. The claimed element is not described in Nahan or Cox, and therefore the claimed element is not obvious in view of the combination of Nahan or Cox.

Furthermore, to render claim 1 obvious, the cited references must also enable a skilled artisan to make and use the invention. Here, the combination of references is not enabling. Nahan is completely silent with respect to the claimed element, "changing said data record to reflect a new offer price from said second owner," and Cox provides no description whatsoever that can be said to enable the claimed element.

For all of the foregoing reasons, claim 1 is not obvious in view of Nahan and Cox. As claims 2, 6-10 and 24-25 depend from claim 1, these dependent claims are also not obvious in view of the combination of Nahan and Cox. In addition, the dependent claims include claim elements that may be deemed novel and non-obvious, and may stand on their own. Applicant respectfully requests that the Examiner withdraw the rejection under 35 U.S.C. 103(a), and allow the claims.

**CONCLUSION**

Applicant respectfully submits that the claims are in condition for allowance, and notification to that effect is earnestly requested. The Examiner is invited to telephone Applicant's representative at (408) 660-2014 to facilitate prosecution of this application.

If necessary, please charge any additional fees or deficiencies, or credit any overpayments to Deposit Account No. 19-0743.

Respectfully submitted,

SCHWEGMAN, LUNDBERG & WOESSNER, P.A.  
P.O. Box 2938  
Minneapolis, MN 55402  
(408) 660-2014

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By Nathan P. Elder  
Nathan P. Elder  
Reg. No. 55,150

**CERTIFICATE UNDER 37 CFR 1.8:** The undersigned hereby certifies that this correspondence is being filed using the USPTO's electronic filing system EFS-Web, and is addressed to: Mail Stop RCE, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on this 14th day of November, 2009.

Chris Bartl  
Name

C. Bartl  
Signature